

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – SEPTEMBER 17, 2003

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Al Picconi, United Beverages, Inc.; Michael Goclowski, Law Warehouse.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending September 14, 2003 shows retail sales were up about 8%, on-premise sales were up .2%, off-premise sales were down around -0.13%, and total aggregate sales were up almost 2.7%. The traffic count increased by 7,123, as did the average sales ticket by \$.77.

The W-1 Total Weekly Sales Report for the same time period confirms total sales were up by 2.7% or \$176,299, as they were for the year by 9.11% or \$7,105,893. Weekly wine sales decreased by -0.42 or (\$12,783), but increased by 9.46% or \$3,187,959 for the year. Sales of spirits were up approximately 5.3% or \$189,082 on a weekly basis, while they were also up year-to-date by a little over 8.8% or \$3,917,934.

B. Budget Reports:

Concerning outstanding depletions and post-offs, there continue to be minor problems with one of the brokers regarding payments in arrears. Accounting continues to be in contact with this broker concerning this.

There was nothing of significant to report regarding gift cards and workmen's compensation.

Craig has received one request so far for out-of-state travel for Howard Roundy to attend the NABCA Administrator's Conference next month.

Jen Everfield from State Personnel has been here to review the reclassifications requests for financial employees. She will do the evaluations, and the results will be presented to the Commission.

Now that a working budget is in place, the Commission can proceed with some projects; specifically, the life safety project for the headquarters building. Paperwork will be forwarded to the Department of Public Works, who will be responsible for obtaining bids.

The Enforcement Bureau will continue to stay at the present location on Commercial Street as tenant-at-will until the renewal lease is approved by Governor and Council. Craig will keep the Commission posted on this; he doesn't know what the landlord's reaction might be.

A meeting was held last Wednesday with the LBA, Sweepstakes and Joe Bouchard from Administrative Services to discuss incentive issues. The LBA wants to send just one check to the Commission to pay involved employees, but did give permission on a one-time basis for Sweepstakes to issue multiple checks. However, this is not expected to occur again in the future. This issue has been referred back to Rick Wisler for the Tri-State Lottery to resolve. Commissioner Russell asked that this be discussed further at the Bureau Chiefs' meeting.

There was no W-6 Expense Budget Activity Variance Report available for the meeting, but it should be available by the end of the afternoon.

The Governor's Efficiency request package is now complete and will be brought down for Commission review later this morning.

The auditors have almost completed their review and should be leaving either today or tomorrow.

2. IT Report

IT personnel are starting to become busy with implementation of the new statewide accounting software package; involvement is critical at this point.

There were e-mail difficulties over the last few days which, as it turns out, were not directly an e-mail problem. As of 8:00 a.m. this morning, everything seems to be working correctly, although some employees have had to reboot several times. IT will be investigating the underlying causes of this occurrence. Howard cautioned that some staff may have missed e-mails as far back as last Wednesday, or e-mails sent from their computers may not have been received. Craig said he received a phone call from the NABCA saying that anyone who expected e-mail from that agency should ask the contact person to resend it.

II. MARKETING & SALES REPORTS

1. Store Operations:

Total store sales for the week ending 9/14/03 were up 7.43% or \$368,540.61. There was nothing of real significance to report.

There will be a Supervisors' Meeting tomorrow at headquarters from 10:00 a.m. to 1:00 p.m.

Peter informed those present that Supervisor/Manager Michael Lafond was in the hospital and had a heart catheterization procedure done.

The following events are coming up shortly: Next Tuesday at Sweepstakes the grand prize winner of the Summer Splash sweepstakes will be drawn. Next Thursday is the kick-off for the warehouse clearance program, and next Friday the grand opening for Store #34 will take place in Salem.

2. Purchasing Report:

There was nothing of real significance to report. State Liquor Commission personnel continue to work with suppliers to bring popular wines back in stock.

3. Merchandising Report:

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Ciroc Snap Frost Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Schieffelin & Somerset for a new test market listing for Ciroc Snap Frost Vodka, 750ML size (assigned Code #3513), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Petrone Limoncello):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti

Companies of N.H./Antica Distilleria Petrone for a new test market listing for Petrone Limoncello, 750ML size (assigned Code #5375), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Result (Code #8505):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the delisting of Code #8505, O'Leary's Irish Cream, 750ML size, as this product failed to achieve gross profit requirements for both full and specialty listings during a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Appeal Delisting (Korbel Brandy, 750ML):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny an appeal from Horizon Beverages, Inc. to reinstate delisted Code #5589, Korbel Brandy, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Request to be Added to Hot Brands (Belvedere Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from United Beverages, Inc./Millennium Group to add Code #3682, Belvedere Vodka, 750ML size to the "Hot Brands" program beginning with the November quarterly price change, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) November/December 2003 Special Offers:

a. 1 item – Phoenix Marketing (Nov./Dec.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Phoenix Marketing, based upon depletions of one (1) spirit item, to be featured on sale during November and December 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 3 items – Perfecta Wine Company (Nov.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Perfecta Wine Company, based upon depletions of three (3) spirit items, to be featured on sale during November 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 9 items – Pine State Trading Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions of nine (9) spirit items, to be featured on sale during November 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. 50 items – Executive Wine & Spirits/Martignetti (Nov.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits/Martignetti Companies of N.H. based upon depletions of fifty (50) spirit items, to be featured on sale during November 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- e. 29 items – United Beverages, Inc. (Nov.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of twenty-nine (29) spirit items, to be featured on sale during November 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

- 1) Special Offers for November 2003:

- a. 43 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions of forty-three (43) wine items, to be featured on sale during November 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 143 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions of one hundred and forty-three (143) wine items, to be featured on sale during November 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS

IV. CHAIRMAN'S REPORT & LATE ITEMS

- 1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated September 11 through September 17, 2003. The motion was unanimously adopted.

- 2. Coupon Approvals: None.

- 3. Late Items:

- a. Special Offers for November 2003 (10 items – Perfecta Wine Company):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Perfecta Wine Company, based upon depletions of ten (10) wine products, to be featured on sale during November 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Additional Depletion Allowances Oct.-Dec. 2003:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Perfecta Wine Company, based upon depletions of one (1) wine product and special purchase by the Commission, to be featured on sale from October through December 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Special Offers for November 2003:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker, Inc., based upon depletions of eight (8) wine products, to be featured on sale during November 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Revised Date on Easter Seals Tasting:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a change in date from Thursday, January 29, 2004 to Wednesday, January 28, 2004 for Easter Seals' Winter Wine Spectacular and an extension of the tasting by one hour (6:00 – 9:00 p.m.), as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Primary Source Submissions:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of fourteen (14) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and ten (10) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. Team Crown Royal Event:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United

Beverages, Inc./Diageo to conduct in-store demonstrations in conjunction with the promotion for Crown Royal Canadian Whisky, at Stores #69 Nashua, #73 and #76 Hampton, #66 Hooksett and #38 Portsmouth from Wednesday, October 1 through Saturday, October 4, 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

g. Jack Daniels Barrel Give-away:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/Brown-Forman Corporation to conduct a sweepstakes program (11 customers to win a Jack Daniels Single Barrel) during October 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

h. Frangelico Sweepstakes:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Martignetti Companies of N.H./William Grant & Sons to conduct a sweepstakes program (3 customers to win Best Buy gift cards) to promote Frangelico Hazelnut Liqueur during October and November 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

i. Allied Domecq (Oct., Nov., Dec.) Offer:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/Allied Domecq to conduct a sweepstakes program (3 customers to win TV/sound systems) to promote Kahlua, Stolichnaya, Canadian Club and Beefeater Gin during October, November and December 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

j. Recommended Wine Specialty Products:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve thirty-two (32) wine codes to be designated as wine specialty products, to be carried in wine specialty

Stores, as recommended by Nicole Horton, Wine Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

i. Not Recommended – Wine Specialty & Allocated:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission reject one (1) wine code to be designated as a wine specialty product, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

j. Recommended Allocated & Restricted Wines for Distribution to Selected Stores (4 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the distribution of four (4) allocated and restricted wines to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

k. Recommended Allocated & Restricted Wines for Distribution to Selected Stores (14 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the distribution of fourteen (14) allocated and restricted wines to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

